

LOAN# _____

\$1,719,705.00

Owensboro, Kentucky
August 6, 2010

**TERM NOTE
(For Term Loan Agreement)**

FOR VALUE RECEIVED, the undersigned, EAST DAVIESS COUNTY WATER ASSOCIATION, Inc., a Kentucky non-profit corporation, (the "Borrower"), having a mailing address of 9210 State Route 144, Knottsville, KY 42366, hereby promises to pay, upon the terms and conditions hereafter provided, unto the order of U.S. BANK N.A., with offices at 700 Frederica Street, Owensboro, Kentucky 42301 its successors and assigns (hereafter "Bank"), the principal sum of ONE MILLION SEVEN HUNDRED NINETEEN THOUSAND SEVEN HUNDRED FIVE DOLLARS (\$1,719,705.00), (the "Loan").

INTEREST on the unpaid principal balance shall accrue at an annual fixed rate equal to 3.71% per annum.

PAYMENT of principal and interest shall commence beginning SEPTEMBER 6, 2010, and the same date of each CONSECUTIVE month thereafter in the amount of \$17,175.14 for a period of one hundred twenty (120) months, plus a final interest payment with the final payment of principal on July 7, 2020, the maturity date.

Interest will be computed for the actual number of days principal is unpaid, using a daily factor obtained by dividing the stated interest rate by 360.

Notwithstanding any provision of this Note to the contrary, upon any default or at any time during the continuation thereof (including failure to pay upon maturity), the Bank may, at its option and subject to applicable law, increase the interest rate on this Note to a rate of 5% per annum plus the interest rate otherwise payable hereunder.

In no event will the interest rate hereunder exceed that permitted by applicable law. If any interest or other charge is finally determined by a court of competent jurisdiction to exceed the maximum permitted by law, and the Bank may credit any excess amount previously collected against the balance due or refund the amount to Borrower.

Subject to applicable law, if any payment is not made on or before its due date, the Bank may collect a delinquency charge of 5.00% of the unpaid amount. Collection of the late payment fee shall not be deemed to be a waiver of the Bank's right to declare default hereunder.

Without affecting the liability of any Borrower, endorser, surety or guarantor, Bank may, without notice, renew or extend the time for payment, accept partial payments, release or impair any collateral security for the payment of this Note, or agree not to sue any party liable on it.

There shall be no prepayments of this Note, provided that Bank may consider requests for its consent with respect to prepayment of this Note, without incurring an obligation to do so, and Borrower acknowledges that in the event that such consent is granted, Borrower shall be required to pay Bank, upon prepayment of all or part of the principal amount before final maturity, a prepayment indemnity ("Prepayment Fee") equal to the greater of zero, or that amount, calculated on any date of prepayment ("Prepayment Date"), which is derived by subtracting: (a) the principal amount of the Note or portion of the Note to be prepaid from (b) the Net Present Value of the Note or portion of the Note to be prepaid on such Prepayment Date; provided, however, that the Prepayment Fee shall not in any event exceed the maximum prepayment fee permitted by applicable law.

"Net Present Value" shall mean the amount which is derived by summing the present values of each prospective payment of principal and interest which, without such full or partial prepayment, could otherwise have been received by Bank over the shorter of the remaining contractual life of the Note or next repricing date if Bank had instead initially invested the Note proceeds at Initial Money Market Rate. The individual discount rate used to present value each prospective payment of interest and/or principal shall be the Money Market Rate at Prepayment for the maturity matching that of each specific payment of principal and/or interest.

"Initial Money Market Rate" shall mean the rate per annum, determined solely by Bank, on the first day of the term of this Note or the most recent repricing date or as mutually agreed upon by Borrower and Bank, as the rate at which Bank would be able to borrow funds in Money Markets for the amount of this Note and with an interest payment frequency and principal repayment schedule equal to this Note and for a term as may be arranged and agreed upon by Borrower and Bank, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation. Borrower acknowledges that Bank is under no obligation to actually purchase and/or match funds for the Initial Money Market Rate of this Note.

"Money Market Rate at Prepayment" shall mean that zero-coupon rate, calculated on the Prepayment Date, and determined solely by Bank, as the rate at which Bank would be able to borrow funds in Money Markets for the prepayment amount matching the maturity of a specific prospective Note payment or repricing date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation. A separate Money Market Rate at Prepayment will be calculated for each prospective interest and/or principal payment date.

"Money Markets" shall mean one or more wholesale funding markets available to and selected by Bank, including negotiable certificates of deposit, commercial paper, Eurodollar deposits, bank notes, federal funds, interest rate swaps or others.

In calculating the amount of such Prepayment fee, Bank is hereby authorized by Borrower to make such assumptions regarding the source of funding, redeployment of funds and other related matters, as Bank may deem appropriate. If Borrower fails to pay any Prepayment Fee when due, the amount of such Prepayment Fee shall thereafter bear interest until paid at the default rate specified in this Note (computed on the basis of a 360-day year, actual days elapsed). Any prepayment of principal shall be accompanied by a payment of interest accrued to date thereon; and said prepayment shall be applied to the principal installments in the inverse order of their maturities. All prepayments shall be in an amount of at least \$100,000.00, or, if less, the entire remaining principal balance of this Note.

Notwithstanding any other prepayment limitations in this Note, during the 12-month period

beginning August 6, 2010 and during each 12-month period thereafter beginning on the same date of the same month, Borrower may prepay an amount totaling in the aggregate up to 10% of the face principal amount of this Note without paying a prepayment fee. Borrower may not pay any amount in excess of the stated percentage in any said 12-month period without the consent of Bank and without paying the Prepayment Fee described herein. Prepayments within the stated percentage are not subject to the \$100,000.00 minimum prepayment restriction.

Borrower, and endorsers or guarantors hereof and each of them, expressly waive demand and presentment for payment, notice of nonpayment, protest, notice of protest, bringing of suit, and diligence in taking any action to collect amounts called for hereunder and in the handling of security at any time existing in connection therewith; and are and shall be jointly and severally, directly and primarily liable for the payment of all sums owing and to be owing, regardless of and without any notice, diligence, act or omission or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest, or property at any and all times had or existing as security for any amount called for hereunder or under any other instrument executed in connection with the Loan.

BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LOAN OR ANY AGREEMENT CONTEMPLATED TO BE MADE OR EXECUTED IN CONJUNCTION THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BANK'S MAKING THE LOAN EVIDENCED HEREBY.

In the event of any inconsistency in the terms and provisions of this Note or any other document executed relative to this Note as to the rights and remedies of the holder hereof, or in the event of any such inconsistency as between or among any two (2) or more such documents, then in any such event the holder shall have the right at its sole option to elect which of such provisions shall govern.

THIS NOTE and the respective rights and liabilities of Borrower and the holder of this Note shall be governed by and shall be construed in accordance with the laws of the Commonwealth of Kentucky. The invalidity or unenforceability of any provision of this Note shall not affect the validity or enforceability of the remaining portions of this Note.

THIS NOTE is a "transferable record" as defined in applicable law relating to electronic transactions. Therefore, the holder of this Note may, on behalf of Borrower, create a microfilm or optical disk or other electronic image of this Note that is an authoritative copy as defined in such law. The holder of this Note may store the authorized copy of such Note in its electronic form and then destroy the paper original as part of the holder's normal business practices. The holder, on its own behalf, may control and transfer such authoritative copy as permitted by such law.

All documents attached hereto, including any appendices, schedules, riders and exhibits to this Note, are hereby expressly incorporated by reference.

BORROWER:

**EAST DAVIESS COUNTY WATER ASSOCIATION,
INC.**

By:



Jerome Hamilton, President

TERM LOAN AGREEMENT

THIS LOAN AGREEMENT made and entered into and effective on this the 6th day of August, 2010, by and between **EAST DAVIESS COUNTY WATER ASSOCIATION, INC., a Kentucky not-for-profit corporation**, of 9210 State Route 144, Knottsville, Kentucky 42366 (hereinafter referred to as "BORROWER"); and **U.S. Bank, N.A.**, a national banking corporation, of 700 Frederica Street, Owensboro, Kentucky 42301 (hereinafter referred to as "BANK").

WHEREAS, BORROWER desires to receive from BANK a loan for the refinance and consolidation of indebtedness, in the amount of **ONE MILLION SEVEN HUNDRED NINETEEN THOUSAND SEVEN HUNDRED FIVE AND 00/100 DOLLARS** (\$1,719,705.00) in the form of one (1) Term Note as deemed necessary by BANK; and,

WHEREAS, BANK is willing to make the above loan and permanent financing under the terms and conditions set forth herein and under the terms and provisions of the Term Note in the amount of **ONE MILLION SEVEN HUNDRED NINETEEN THOUSAND SEVEN HUNDRED FIVE AND 00/100 DOLLARS** (\$1,719,705.00) of even date herewith; and pursuant to BANK's approval dated the 22nd day of July, 2010, same being incorporated herein by reference (the "Note").

NOW THEREFORE, in consideration of the promises, the mutual covenants herein contained, the extension of credit and any other acts as provided herein, the parties hereto agree as follows:

1. From and after the date of this Loan Agreement, and subject to the terms and conditions herein set forth, and the terms and provisions of the Note and any renewals, amendments, modifications, and extensions thereof, which evidences said indebtedness, BANK agrees to lend to BORROWER, the sum of **ONE MILLION SEVEN HUNDRED NINETEEN THOUSAND SEVEN HUNDRED FIVE AND 00/100 DOLLARS** (\$1,719,705.00), together with interest thereon, for the purposes as stated hereinabove.

2. BORROWER shall execute and deliver to BANK its Term Note, having a maturity date of July 7, 2020, in the amount of **ONE MILLION SEVEN HUNDRED NINETEEN THOUSAND SEVEN HUNDRED FIVE AND 00/100 DOLLARS** (\$1,719,705.00).

3. That in the event payment is received over and above any principal and interest payment as provided in said Note and any renewals, amendments, modifications, and extensions thereof, and provided that all interest is current as of the date of receipt of such payment, all amounts received in excess of said principal and interest payment shall be applied to the principal indebtedness then outstanding.

4. To secure the payment of the Note according to its terms, amendments, modifications, and any extensions or renewals thereof, and the performance of covenants, agreements and undertakings herein provided, BORROWER has previously granted to the BANK the following: (i) a Pledge Agreement from BORROWER, of even date, on property as described in said document, and incorporated herein by reference, and any amendments thereto; (ii) a UCC-1 financing statement; and (iii) any and all other documents as requested by BANK to secure said loan as may be deemed appropriate by BANK.

5. In order to induce BANK to enter into this Loan Agreement and to make the loan as provided for herein, BORROWER represents and warrants to BANK (which representations and warranties shall survive the execution of this Loan Agreement and remain in effect until all indebtedness hereunder is paid in full) that:

A. There is no litigation or proceeding pending against, nor threatening which, if decided adversely to BORROWER, would have a material adverse affect on its financial condition or business.

B. BORROWER has filed all required federal, state and local tax returns as they have become due, and no claims have been assessed and are unpaid with respect to such taxes.

C. BORROWER is in compliance with the laws of the State of Kentucky with its principal office and place of business and that

BORROWER is in good standing with all governmental authorities and is actively engaged in the operation of its business within the terms such documents creating the entity under which it operates and does business. BORROWER agrees to provide BANK copies of corporate resolutions authorizing the transaction contemplated by this Loan Agreement, a Certificate of Good Standing in the Commonwealth of Kentucky, a Certificate of Encumbency, Articles of Incorporation, and any other such documents as requested by BANK.

D. That financial statements and other information heretofore furnished to BANK are true and correct as of the date of the rendition of such statements or furnishing and there has been no substantial change in the financial position of BORROWER or guarantors since the date such statements were last furnished to BANK.

E. That BORROWER has the power and authority to enter into and perform the Note, Pledge and this Loan Agreement and to incur the obligations herein contained, has taken all appropriate action necessary to authorize, and has obtained all necessary consents and approvals for the execution, delivery and performance of the Note, the Pledge and this Loan Agreement, which are valid, binding and enforceable in accordance with their terms, and serve a lawful purpose.

F. Neither the making of the above, nor the performance by BORROWER of its obligations hereunder will violate the documents creating the entity under which it operates and does business, any provision of law, or result in a breach of, or constitute a default under any agreement, indenture, note or other instrument binding upon BORROWER.

G. No representation or warranty contained herein or in any writing furnished to BANK by BORROWER contains any untrue statement of a material fact or omits to state a material fact necessary to make such representation or warranty not misleading.

6. BORROWER covenants and agrees with BANK that it will, until the Note and all indebtedness hereunder, or any extensions, amendments, modifications, or renewals thereof, is paid in full and the terms and provisions of this Loan Agreement and any instrument executed

and delivered in order to consummate the transactions contemplated by this Loan Agreement have been observed and performed:

A. BORROWER will use the proceeds of the loan only for the purpose as specified hereinabove, and will furnish BANK such evidence as it may reasonably require with respect to such use.

B. It will not, without prior written consent of BANK, incur or permit to exist any encumbrance, security interest, pledge or lien against any of its properties, real, personal or intangible, that have been given as security under the terms and provisions of this Loan Agreement and the documents executed contemporaneously herewith. Further, it will not, without the prior written consent of BANK, incur any additional indebtedness or borrow any additional funds from any other lender or private party to finance the operation or maintenance of the business which is the subject matter of this loan.

C. **FINANCIAL REPORTING.** It will establish, keep and maintain an accounting and record keeping system in accordance with generally accepted accounting principles. BORROWER is required to provide CPA-audited financial statements within one hundred eighty (180) days of fiscal year end. It will provide BANK any other financial information as deemed reasonable by BANK to properly monitor the financial condition of BORROWER and the Guarantors during the term of the loan. BORROWER will permit BANK to have full access from time to time, and make copies and extracts from, any and all reports or returns by, or with respect to BORROWER, and all reports of examiners or other information concerning BORROWER contained in the files and records of such authorities at BORROWER's expense and in such manner as BANK deems appropriate.

D. It shall not assume or guarantee the liabilities or obligations of others unless approved by BANK; guarantee, endorse or otherwise become surety for or upon the obligation of others, except by endorsement of instruments for deposit or collection in the ordinary course of business.

E. It will not sell receivables with or without recourse.

F. **FINANCIAL COVENANTS.** Financial terms used herein

which are not specifically defined herein shall have the meanings ascribed to them under generally accepted accounting principles. For any Borrower who does not have a separate fiscal year end for tax reporting purposes, the fiscal year will be deemed to be the calendar year. Beginning immediately, the level of operations of BORROWER, as measured by net profitability, must be at least ninety-five percent (95%) of its annual budgeted target.

Fixed Charge Coverage Ratio as of the end of the fiscal year for the four (4) fiscal quarters then ended shall be at least 1.15:1. "Fixed Charge Coverage Ratio" shall mean (a) EBITDAR minus cash taxes, cash dividends, cash distributions and Maintenance Capital Expenditures divided by (b) the sum of all required principal payments (on short and long term debt and capital leases), interest and rental or lease expense. "EBITDAR" shall mean net income, plus interest expense, plus income tax expense, plus depreciation expense plus amortization expense plus rent or lease expense. "Maintenance Capital Expenditures" shall mean 50% of BORROWER'S depreciation expense for the period specified. "Capital Expenditures" shall mean the aggregate amount of all purchases or acquisitions of fixed assets, including real estate, motor vehicles, equipment, fixtures, leases and any other items that would be capitalized on the books of BORROWER under generally accepted accounting principles. The "Capital Expenditures" will not include expenditures or charges for the usual and customary maintenance, repair, and retooling of any fixed asset or the acquisition of new tooling in the ordinary course of business. Further, if the loan is found not to be in compliance, BORROWER may be required, at the sole discretion of BANK, to pay down on the principal balance a sufficient amount to bring the loan into compliance within 30 days of notification by the BANK.

BORROWER covenants and agrees that from the date hereof and until payment in full of all indebtedness and performance of all obligations under the Agreement, BORROWER shall not, without the prior written consent of BANK create, incur, assume, or suffer to exist any lien upon or with respect to any of BORROWER's properties, or the properties of any Guarantor securing payment of the Note, except (i) liens and security interests in favor of

BANK; (ii) liens for taxes not yet due and payable or otherwise being contested in good faith and for which appropriate reserves are maintained; (iii) other liens imposed by law not yet due and payable, or otherwise being contested in good faith and for which appropriate reserves are maintained; (iv) purchase money security interests on any property hereafter acquired, provided that such lien shall attach only to the property acquired. All negative covenants contained in any Loan Document with regard to the Note are hereby incorporated by reference herein.

- G. It will maintain a satisfactory checking account with BANK.
- H. It will keep its insurable properties adequately insured at all times to such extent and against such risks as is customary with operations in the same or similar business and maintain workmen's compensation insurance and such other insurance that may be required by law or as may be required by BANK. In the event BORROWER fails to keep insurance in effect, BANK has the right to purchase insurance and add the amount so advanced to the principal indebtedness owing on account of the loan.
- I. If either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) compliance by BANK with any guideline or request from any central bank or other governmental authority (whether or not having the force of law) affects or would affect the amount of capital required or expected to be maintained by BANK or any corporation controlling BANK and BANK determines that the amount of such capital is increased by or based upon the existence of unfunded portions of loan commitments (or similar contingent obligations), then, upon demand by BANK, BORROWER shall immediately pay to BANK, from time to time as specified by BANK, additional amounts sufficient to compensate BANK in light of such circumstances, to the extent that BANK reasonably determines such increase in capital to be allocable to any unfunded portion of the loan. A certificate as to such amounts submitted to BORROWER by BANK, shall, in the absence of manifest error, be conclusive and binding for all purposes.

- J. It will pay all out of pocket expenses of BANK arising in connection with the transaction contemplated by this Loan Agreement, including reasonable attorneys' fees, appraisals, title insurance premiums, and expenses of BANK in closing this loan and in maintaining the loan in good standing.
- K. It will comply with all statutes and government regulations and pay promptly when due all taxes, assessments, governmental charges, claims for labor, supplies, rent and other obligations, which if unpaid, might become a lien against the property of BORROWER.

7. The occurrence of any one or more of the following events shall constitute a default under this Loan Agreement, whereupon the Note and entire indebtedness of BORROWER to BANK will, at the option of BANK, immediately become due and payable without presentment, demand, protest or notice of any kind, including notice of protest, all of which are expressly waived, and BORROWER will pay the reasonable attorneys' fees incurred by BANK in connection with such default or recourse against any collateral held by BANK as security for the indebtedness owed by BORROWER. The following shall constitute events of default:

- A. Non-payment when due whether by acceleration or by otherwise, of the payment of principal or interest on the Note which is the subject of this Loan Agreement and which is executed contemporaneously herewith, including any extensions, modifications, or renewals thereof.
- B. A breach or failure of performance by BORROWER of any provision of the Note, the Pledge, or this Loan Agreement which is not remedied in the time periods pursuant to the terms of the foregoing.
- C. BORROWER: (i) files a petition in bankruptcy or for the approval for a plan of reorganization or arrangement under the bankruptcy code now existing that may be amended or an admission seeking the relief therein provided; (ii) is unable, or admits in writing its inability to pay its debts as they become due; (iii) makes an assignment for the benefit of creditors; (iv) has a receiver appointed, voluntarily or otherwise, for its property; (v) is adjudicated a bankrupt; (vi) suspends business; (vii) permits a judgment in the amount of Fifty Thousand and 00/100 Dollars

(\$50,000.00) or more to be obtained against it, which is not promptly paid or properly appealed and secured pending appeal; (viii) becomes insolvent, however or as otherwise evident; or BANK reasonably believes that it is insecure or that the prospect for payment of the Note has been materially impaired.

D. Default under the terms of the Note, the Pledge, and this Loan Agreement or any other indebtedness secured hereby shall constitute default under any other instrument evidencing a debt of BORROWER owing to BANK or securing or otherwise relating to such debt, and default under any such other instrument shall constitute default hereunder.

8. All payment required to be made by BORROWER pursuant to the provisions of this Loan Agreement including, without limitation, all payments of principal and interest, shall be made by BORROWER at the office of BANK. Payments shall be received by BANK no later than the due date provided in the Note which is the subject of this Loan Agreement.

9. No failure on the part of BANK to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by BANK preclude any other further exercise thereof or the exercise of any other right. The remedies provided herein are cumulative and not exclusive.

10. All representations and warranties made herein shall survive the making of the loan hereunder and the execution and the delivery of the Note, or any extension, modifications, or renewals thereof, in the terms of this Loan Agreement.

11. If any payment to be made hereunder shall become due on a Saturday, Sunday or business holiday, under the laws of the Commonwealth of Kentucky, such payment shall be made on the next business day, and any such extension of time shall be included in computing any interest in respect to such payments.

12. BORROWER shall execute such other instruments and documents and shall give such further assurances as shall be necessary to perform BORROWER's obligation hereunder.

13. This Loan Agreement shall be in all respects governed by and construed in accordance with the laws of the Commonwealth of Kentucky, including all matters of construction, validity and performance.

14. This Loan Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same document.

15. Nothing in this Loan Agreement, whether express or implied, shall be construed to give any party other than BANK or BORROWER any legal or equitable right, remedy or claim under to in respect to this Loan Agreement or any covenant, condition or provision contained herein.

16. This Loan Agreement, including the Note and the Pledge, contain the entire agreement between the parties hereto, and as total integration thereof, and no statements, promises or inducements by any other party, or by any agent of any party hereto, which is not contained in this Loan Agreement shall be valid or binding; no modification, variation or amendment of this Loan Agreement shall be of any force and effect unless such modification, variation or amendment is in writing and has been signed by all of the parties to this Loan Agreement.

17. BORROWER has no right to assign any of its rights or obligations hereunder without the prior written consent of BANK.

18. Time shall be of the essence in the performance of all of BORROWER's obligations under this Loan Agreement, the Note, the Pledge, and other collateral documents related hereto.


19. If any provision of this Loan Agreement shall be held invalid under any applicable laws, such invalidity shall not affect any other provision of this Loan Agreement that can be given effect without the invalid provision, and, to this end, the provisions hereof are severable.

20. This Loan Agreement shall survive the Note aforementioned and shall continue in full force and effect for any extension, modification and/or renewal thereof.

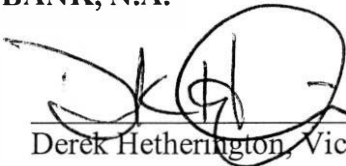
21. This Loan Agreement shall be binding upon BORROWER, BORROWER's successors and assigns, and inure to the benefit of BANK, its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be duly executed, the day and date first above written.

**EAST DAVIESS COUNTY WATER ASSOCIATION,
INC., a Kentucky not-for-profit corporation**

By:  _____
Jerome Hamilton, President

U.S. BANK, N.A.

By:  _____
Derek Hetherington, Vice President

Request for Taxpayer Identification Number and Certification

Give form to the
requester. Do not
send to the IRS.

Print or type See Specific instructions on page 2.

Name (as shown on your income tax return)
East Daviess County Water Association, Inc.
Business name, if different from above

Check appropriate box: Individual/sole proprietor Corporation Partnership
 Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ Exempt payee
 Other (see instructions) ▶

Address (number, street, and apt. or suite no.)
9210 State Route 144

City, state, and ZIP code
Knottsville, Ky. 42366

List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number

or

Employer identification number
61 093 9440

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here Signature of U.S. person ▶ *Agnes H. Johnson*

Date ▶ *9-15-10*

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien.
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States.
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity.

Lock In Confirmation

[Close Window](#) [Send to Printer](#)

To: Derek Hetherington

Reference #: C6662

Shaw Code:

From: krp

Lock-In Date: 07/30/2010

The rate on the loan described below has been locked in with the Treasury Department subject to the following parameters:

Customer:	East Daviess County Water Association, LLC		
Funding Amount	1719705	Forward Term (months)	
All-in Rate:	3.71	Closing Date:	08/06/2010
Forward Charge:		PP Rollover:	
MMCOF:	2.94	PP Risk Premium:	0.04
Currency Type:	\$USD		
AccrualBasis:	Act/360	Spread:	0.77
Fixed Term:	120	Processing Code:	
Loan Term:	120	Re-Price Date:	
Amortization Term:	120	Maturity Date:	09/10/2020
Lease Residual(%):		Amortization Type:	Equal Payment (P & I)
Interest Frequency:	Monthly	Partial Prepayment Option:	10
Payment Day in Month:	10	Principal Frequency:	Monthly
Accounting System:	AFS	First Payment Date:	09/10/2010
Officer Initials:	DJH	DSI Lease Number(if known):	
Prepayment Penalty?:	Yes	Cost Center:	50765
Prepayment Type:	Break Funding	Advance Type :	Single
Liquidity Exception:	NO	Confirmation Initials:	DJH
Indemnity Agreement:	Yes		

Notes:

Customer is Tax Exempt Non-Profit... All-In Rate of 3.71% is based on 10 year fixed Fully Amortizing cost of funds 2.90% + 2.00% spread with 0.04% Margin for 10% PPPW at the Non-Bank Qualified Tax Exempt Factor of 75.09%. Actual All-In Cost as of 07/30/2010 calculated to 3.7094%.